GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1427
ANSWERED ON:03.03.2000
PRICES OF GOLD/SILVER
MANIKRAO HODLYA GAVIT

Will the Minister of FINANCE be pleased to state:

(a) whether there has been an exorbitant hike in the prices of gold and silver during the last few years;

(b) if so, the extent to which prices of gold and silver have been increased during the last three years and the reasons therefor; and

(c) the measures taken/being taken by the Government to make the prices of these commodities stable?

Answer

MINISTER OF FINANCE (SHRI YASHWANT SINHA)

(a), (b) & (c): the average price of gold and silver in the Mumbai market since 1996-97 is given below:-

Year/month	Gold (Rs. per 10 gram)	Silver (Rs. per Kg.)
1996-97	5071	7165
1997-98	4347	7351
1998-99	4268	7856
January, 1999	4347	7715
January, 2000	4509	8124

As compared to the peak average price of Rs.5,071 in 1996-97, the price of gold in January, 2000 recorded a decline of 11.1 percent. The rate of increase in prices of silver upto January, 2000 was 3.7 percent over March, 1999.
After liberalization of gold import policy in 1997, domestic prices of gold have been moving alongwith the international prices, which are influenced by the world demand and supply conditions as well as the policy decisions of the central banks regarding their gold reserves. In the case of silver the price is entirely determined by developments in the international market due to the fact that the domestic demand is met mostly through imports.
The import liberalization of gold was announced in October, 1997, which placed gold under Open General Licence (OGL) scheme, authorising 13 designated agencies to import gold. It has already led to a significant decline in domestic prices in the recent years.
Government of India announced the Gold Deposit Scheme in the Budget for the year 1999-2000 to mobilise the idle gold in order to meet domestic demand, which has since been operationalised.